

# News

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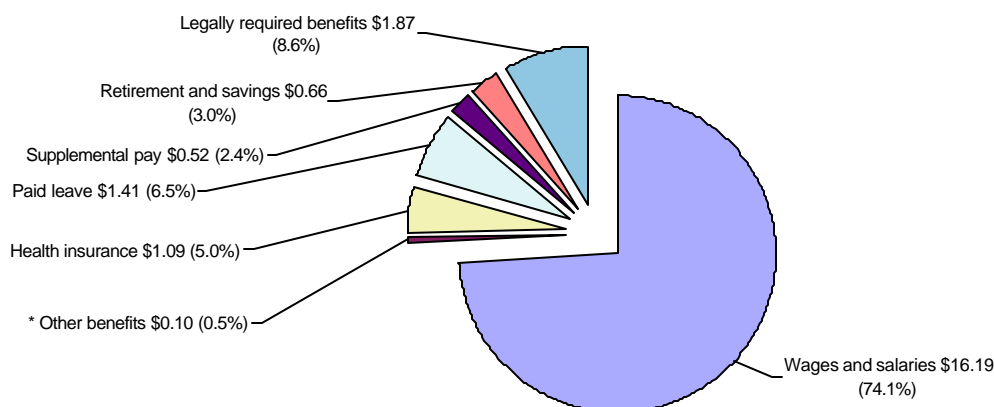
## EMPLOYER COSTS FOR EMPLOYEE COMPENSATION WEST REGION - MARCH 2001

In the West<sup>1</sup>, the cost to private industry employers for employee compensation averaged \$21.86 an hour in March 2001 according to the U.S. Department of Labor's Bureau of Labor Statistics. Regional Commissioner Bob Gadde noted that compensation costs in the other regions of the country totaled \$23.91 in the Northeast, \$20.47 in the Midwest, and \$18.59 in the South. The national average was \$22.15. (See table 1.)

Wages and salaries accounted for 74.1 percent of the total compensation costs in the West, averaging \$16.19. Within the other regions, average wage and salary costs per hour worked were \$13.71 in the South, \$14.69 in the Midwest, and \$17.22 in the Northeast. Nationally, wages and salaries averaged \$16.07.

Total benefits averaged \$5.67 in the West and accounted for 25.9 percent of all compensation costs. Among the other three regions, the cost of benefits averaged \$6.69 in the Northeast, \$5.78 in the Midwest and \$4.89 in the South. Nationwide, benefit costs averaged \$5.63.

### Average Employer Cost per Hour Worked West Region, Private Industry, March 2001



\* For this chart Other benefits include the Other benefits from Table 1 plus life, short term disability, and long term disability insurance.

<sup>1</sup> West Region includes: Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington and Wyoming.

Among the benefit categories, legally required benefits (e.g., Social Security, Workers' Compensation, and Unemployment Insurance) was the largest non-wage cost to employers averaging \$1.87 per hour worked in the West and representing 8.6 percent of total compensation costs. Social security and workers' compensation costs, at \$1.34 and 39 cents, respectively, accounted for most of the cost of legally required benefits. (See chart 1 and table 1.)

Paid leave averaged \$1.41 per hour in the West and represented 6.5 percent of total compensation. Vacation pay accounted for nearly half of total paid leave, while about a third went for holiday pay.

Insurance, including health, life, short and long term disability, averaged \$1.19 per hour worked, followed by retirement and savings payments at 66 cents and supplementary pay (premium pay, shift differential and nonproduction bonuses) at 52 cents.

## **EXPLANATORY NOTES**

Employer costs for employee compensation is a measure of the average cost per hour worked to employers for wages and salaries and benefits. Employer costs for employee compensation cover all occupations in private industry, excluding farms and households. These cost levels are published annually and are based on compensation cost data for the payroll period that includes March 12<sup>th</sup> as the reference period. The March 2001 levels of employer costs for employee compensation were calculated using March 2001 employment counts from the Bureau of Labor Statistics' Current Employment Statistics (CES) program, benchmarked to the 2000 universe of all private nonfarm establishments.

Wages and salaries are defined as the hourly straight-time wage rate, or for workers not paid on an hourly basis, straight-time earnings divided by corresponding hours. Straight-time wage and salary rates are total earnings before payroll deductions, excluding premium pay for overtime and for work on weekends and holidays, shift differentials, non-production bonuses, and lump-sum payments provided in lieu of wage increases. Production bonuses, incentive earnings, commission payments, and cost-of-living adjustments are included in straight-time wage and salary rates.

Benefits covered are: paid leave -- vacations, holidays, sick leave, and other leave; supplemental pay -- premium pay for work in addition to the regular work schedule (such as overtime, weekends, and holidays), shift differentials, nonproduction bonuses, and lump-sum payments provided in lieu of wage increases; insurance benefits -- life, health, short-term disability, and long-term disability insurance; retirement and savings benefits -- defined benefit and defined contribution plans; legally required benefits -- Social Security (OASDI and Medicare), Federal and state unemployment insurance, and workers' compensation; and other benefits -- severance pay and supplemental unemployment plans.

In June 2000, the Bureau of Labor Statistics expanded the definition of nonproduction bonuses to better represent the compensation packages offered to employees. The March 2001 ECEC includes, in addition to the traditional types of nonproduction bonuses such as attendance bonuses and lump sum payments, hiring and referral bonuses. A fact sheet has been prepared with additional information on this change and the costs of these bonuses. This information can be obtained directly from the BLS Internet site (<http://www.bls.gov/ecthome.htm>), by e-mail request ([ocltinfo@bls.gov](mailto:ocltinfo@bls.gov)), or by telephone (202) 691-6199.

Historical data and related articles on the ECEC are included in the bulletin, Employer Costs for Employee Compensation, 1986-99 (Bulletin 2526). An historical summary from 1986 through 2001 is also being prepared and will be available in the future on the Internet site (<http://www.bls.gov/ecthome.htm>) or upon request. Information on how costs are calculated appears in "Measuring Trends in the Structure and Levels of Employer Costs for Employee Compensation," Compensation and Working Conditions, Summer 1997. An article on changes in employer compensation costs appears in "Tracking Changes in Benefit Costs," Compensation and Working Conditions, Spring 1999. Information on the incidence and detailed provisions of selected employee benefit plans is published in the Employee Benefits Survey (EBS) bulletin for Medium and Large Firms Bulletin 2517. Employee Benefits in Small Private Establishments data appear in Bulletin 2507 and State and Local Governments in Bulletin 2531.

Table 1. PRIVATE INDUSTRY REGIONAL: Employer costs per hour worked for employee compensation, March 2001.

Compensation components	National		Region 1/ <sup>1/</sup>							
			West		Northeast		South		Midwest	
	Cost	Percent	Cost	Percent	Cost	Percent	Cost	Percent	Cost	Percent
Total compensation.....	\$20.81	100.0%	\$21.86	100.0%	\$23.91	100.0%	\$18.59	100.0%	\$20.47	100.0%
Wage and salaries.....	15.18	72.9	16.19	74.1	17.22	72.0	13.71	73.7	14.69	71.8
Total benefits.....	5.63	27.1	5.67	25.9	6.69	28.0	4.89	26.3	5.78	28.2
Paid leave.....	1.37	6.6	1.41	6.5	1.73	7.2	1.17	6.3	1.33	6.5
Vacations.....	0.68	3.3	0.69	3.2	0.86	3.6	0.58	3.1	0.66	3.2
Holidays.....	0.47	2.3	0.49	2.2	0.58	2.4	0.40	2.2	0.46	2.2
Sick leave.....	0.17	0.8	0.19	0.9	0.22	0.9	0.14	0.8	0.15	0.7
Other leave.....	0.06	0.3	0.04	0.2	0.07	0.3	0.05	0.3	0.07	0.3
Supplementary pay.....	0.61	2.9	0.52	2.4	0.78	3.3	0.48	2.6	0.75	3.7
Premium pay 2/.....	0.24	1.2	0.22	1.0	0.21	0.9	0.22	1.2	0.30	1.5
Shift differentials.....	0.05	0.2	0.04	0.2	0.06	0.3	0.04	0.2	0.08	0.4
Nonproduction bonuses..	0.32	1.5	0.26	1.2	0.52	2.2	0.22	1.2	0.37	1.8
Insurance.....	1.28	6.2	1.19	5.4	1.50	6.3	1.16	6.2	1.35	6.6
Life.....	0.05	0.2	0.04	0.2	0.05	0.2	0.04	0.2	0.05	0.2
Health Insurance.....	1.16	5.6	1.09	5.0	1.37	5.7	1.05	5.6	1.22	6.0
Short term Disability 3/	0.04	0.2	0.03	0.1	0.05	0.2	0.03	0.2	0.04	0.2
Long term Disability...	0.03	0.1	0.03	0.1	0.03	0.1	0.03	0.2	0.03	0.1
Retirement and savings....	0.62	3.0	0.66	3.0	0.74	3.1	0.51	2.7	0.63	3.1
Defined Benefit .....	0.21	1.0	0.21	1.0	0.24	1.0	0.16	0.9	0.27	1.3
Defined Contribution ..	0.40	1.9	0.45	2.1	0.50	2.1	0.34	1.8	0.37	1.8
Legally required benefit...	1.73	8.3	1.87	8.6	1.90	7.9	1.55	8.3	1.69	8.3
Social security 4/.....	1.26	6.1	1.34	6.1	1.41	5.9	1.15	6.2	1.24	6.1
OASDI.....	1.02	4.9	1.07	4.9	1.13	4.7	0.93	5.0	0.99	4.8
Medicare.....	0.25	1.2	0.26	1.2	0.28	1.2	0.22	1.2	0.24	1.2
Federal unemployment...	0.03	0.1	0.03	0.1	0.03	0.1	0.03	0.2	0.03	0.1
State unemployment.....	0.09	0.4	0.11	0.5	0.14	0.6	0.06	0.3	0.08	0.4
Workers' compensation..	0.33	1.6	0.39	1.8	0.32	1.3	0.31	1.7	0.34	1.7
Other benefits 5/.....	0.02	0.1	6/	7/	0.03	0.1	0.02	0.1	0.03	0.1

1/ The regional coverage is:

Northeast -- Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont;

South -- Alabama, Arkansas, Delaware, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia;

Midwest -- Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin;

West -- Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming.

2/ Includes premium pay for work in addition to the regular work schedule (such as overtime, weekends, and holidays.)

3/ Short-term disability (previously, sickness and accident insurance) includes all insured, self-insured, and state mandated plans that provide benefits and each disability, includes unfunded plans.

4/ The total employer's cost for Social Security is comprised of an OASDI portion and Medicare portion. OASDI is abbreviated for Old-Age, Survivors, and Disability Insurance.

5/ Includes severance pay and supplemental unemployment benefits.

6/ Cost per hour worked is \$0.01 or less.

7/ Less than .05 percent

NOTE: Individual items may not match totals due to rounding.